

**REPORT OF THE COMMITTEE OF THE WHOLE
MEETING HELD IN THE MUNICIPAL COUNCIL
CHAMBERS ON TUESDAY, DECEMBER 17, 2019 AT
5:00 P.M.**

Chair C. Leclerc presided. Members present were S. Bujtas, L. Christiansen, J. Cordeiro, B. Downie, J. McCallum-Miller, and E. Ramsay. Also in attendance were H. Avison, Chief Administrative Officer, L. Greenlaw, Director of Finance, J. Klie, Fire Chief, R. Schibli, Director of Public Works, C. Didier, Director of Leisure Services, D. Corstanje, Economic Development Manager, J. Lucash, RCMP Officer in Charge, K. Lautens, Communications Advisor, A. Thompson, Clerk, and A. Poole, Executive Assistant.

Also present at the meeting representing the Regional District of Kitimat-Stikine (RDKS) were Yvonne Koerner, Chief Financial Officer, and Jeff Hammond, Area E Director.

The Finance, Personnel & Administration Component of the Committee of the Whole meeting commenced at 5:00 p.m.

**A. FINANCE, PERSONNEL & ADMINISTRATION
COMPONENT**

1. 2020-2024 PROVISIONAL BUDGET

Chair Leclerc called the meeting to order and explained the purpose of the meeting was to review the Provisional Budget for 2020-2024. She noted that this meeting was not a Public Hearing, and that there would not be an opportunity for audience members to comment at this time.

Chair Leclerc acknowledged that the meeting was being held on the traditional unceded homelands and territory of the Tsimshian First Nation.

The Chief Administrative Officer (CAO) addressed the Committee. The Director of Finance would be presenting the first draft of the 2020 - 2024 Provisional Budget.

The community is facing a number of challenges that requires the City to respond by providing additional resources in certain areas of the organization to ensure adequate service levels could be maintained.

Staff were seeking approval of the Capital Budget in order to begin preparing for 2020 projects. Staff were not seeking approval of the Operations Budget at this time.

There will be a public consultation opportunity on Thursday, January 16, 2020 at 7:00 p.m. in the Sportsplex Banquet Room. The public will have the opportunity to address Council regarding the 2020 Operational Budget. The public can also email comments to budget@terrace.ca. Emails must include the sender's full name and address as they will form part of the public record. A follow-up report will be compiled.

The Operational Budget will be approved at a Committee of the Whole meeting on January 27, 2020. Based on the public consultation and Council's wishes, the Operational Budget may be altered prior to approval.

The Director of Finance addressed the Committee.

General Fund 5 Year Plan, 2020 - 2024

The operating surplus was estimated at \$2,197,349. Of this total, \$824,000 was prior year retained surplus and \$1,373,000 was current year surplus from operations and capital.

In 2020, the City will be using \$1,329,000 of the surplus to fund the Capital Plan. The City will retain \$867,830 as accumulated operating surplus.

This year's surplus of \$1,373,000 was made up of \$1,000,000 from operations and the remaining was from capital.

Savings were seen in the Administration Department due to underspending on Council and Administration travel and training; in the Finance Department due to increased revenues of \$350,000 in penalties on unpaid taxes and interest on investments; from the RCMP budget an anticipated surplus of \$150,000 due to a result of the final member numbers; in the transit budget due to a decrease of \$60,000 in the Final Operating Agreement as compared to the draft budget provided by BC Transit; in the Public Works Department due to Administration salaries, drainage maintenance budgets, and the winter road and winter sidewalks maintenance budgets; in the Economic Development budget in salaries due to vacancies in the Economic Development Manager and Communications Advisor positions during the year; and in the Development Services Department due to increased revenue in permitting fees and crematorium revenue.

Surplus from capital projects was just under \$400,000.

Property tax revenue for 2020 included a 7.4% tax increase and an estimated \$100,000 in non-market change. The tax increase was decreased from an earlier estimate of 8%, due to elimination of the flower basket contact in 2020.

Years 2021 - 2024 included an estimated \$100,000 in non-market change as well as a 3% tax increase.

The City collects a levy from downtown businesses which is passed on to the Terrace Downtown Improvement Area Society (TDIA).

Utility fees from others are fees collected from Telus, BC Hydro, Pacific Northern Gas, and City West Cable. They include 1% levies and 3% franchise fees.

Federal and Provincial Governments are exempt from property taxation, but the City collects grants in lieu of taxation from Canada Post, BC Ambulance, and the Insurance Corporation of BC.

Sale of services is operational revenue from all departments. Other revenue includes investment income, penalties and interest collected on unpaid property taxes, unconditional grants (annual funding received from the Province under their Small Communities Grant and traffic fine revenue sharing agreements), gaming funds which the City receives 10% of net gaming income from casino gaming, other grants which include Northern Development Initiative Trust annual grant funding, annual Gas Tax funding, just over \$2,000,000 in grants related to projects in the 2020 Capital Plan, and cost-sharing.

Transfers from City funds include \$100,000 from the Landfill Liability Reserve and \$486,000 from the Northern Capital and Planning Grant (NCPG) Reserve to fund projects in the capital plan.

The 2021 - 2024 expenditures included a 2% inflationary increase year over year.

General Fund Budget Comparison

Each Department Director addressed significant changes to their Operating Budget for 2020.

Due to the conclusion of the City House lease at the end of 2019, there will be a loss in revenue of \$12,000 in 2020. There are currently no plans to rent this space out after the lease has concluded.

The increase to the General Levy and Transit Levy included a 7.4% tax increase and a \$100,000 increase to non-market change.

The RCMP prisoner cost budget had been increased in 2019 based on 2018 numbers. It was realized that the numbers in 2018 were an anomaly due to the District of Kitimat and City of Prince Rupert cell blocks being renovated, causing a temporary increase in individuals utilizing the City's cell blocks for that year.

Transit passes had increased revenue of \$10,000 due to an increase in ridership.

The Return on Investments Budget and Penalty on Taxes Budget were increase to reflect the current averages.

The Grants Operating Provincial Budget fluctuates annually. It is based on specific capital projects being undertaken and grants related to those projects.

The Fire Protection Agreements, RDKS cost-sharing, and RDKS transit cost-sharing budgets increased due to increases in operating costs, shared capital projects, and increased transit costs.

Prior year surplus fluctuates annually. It is the amount of prior year surplus that will be used to fund 2020 capital projects.

There was \$100,000 being transferred from the Landfill Liability Reserve Fund and \$486,000 from the NCPG Reserve Fund.

The Public Swimming and Pool Rentals Budgets will see a decrease in revenue based on 2019 costs. The Leisure Services Department will be re-evaluating their price schedules in 2020.

Administration will see an increase in salaries due to the Communications Advisor position being transferred from Economic Development. Also included was temporary support for the CAO position for 2020 and 2021. This support will enable Administration to dedicate the necessary time to evaluate impacts to the community from an increase in economic development and industry in the region. This will also allow the City to provide active participation and liaising with LNG Canada, continue with ongoing advocacy to the Province with respect to impacts on the community, and pursue additional support from industry and the Federal Government where appropriate.

Development Services will see an increase of \$120,000 in bylaw wages. The increase included the cost for one additional full-time Bylaw Compliance Officer as well as two additional seasonal Bylaw Compliance Officers who will focus on the downtown as part of a four month pilot project beginning May 2020. The addition of the Bylaw Compliance Officers will also help address worker safety.

Development Services salaries also seen an increase, which included a portion of the proposed part-time Bylaw/Administrative Clerk position to be split between Development Services and Public Works.

A discussion took place regarding the possibility of hiring a private agency to complete the homeless count in 2020. The Committee agreed that the data provided in the 2019 homeless count was not entirely indicative of the current homeless situation in the community.

Economic Development will see a decrease in salaries due to the Communications Advisor position moving over to the Administration Department.

The Fire Department will see an increase to the Internal Vehicle Committee (IVC) due to increased replacement cost for the new fire truck.

The Fire Department will see an increase to wages, due to the proposed addition of two Career Fire Fighter positions. The Fire Department requires additional staffing in order to help maintain service levels.

There was also an increase in the Fire Department Overtime Budget and Clothing Budget, due to the addition of the two new Fire Fighters.

Finance salaries will see a decrease due to the decision to make one of the full-time positions into a half-time position. This position may be removed entirely in 2021.

The IT Systems and Communications Budget will see an adjustment of funds to reallocate between budgets with a net different of \$200.

Conventional transit costs are increasing by \$54,000 based on the draft Annual Operating Agreement received from BC Transit which includes a new contingency bus added to the City's fleet.

The Terrace Public Library requested a 2% increase to their Operational Budget in 2020. Their funding also included \$15,000 in capital purchases.

Leisure Services Computer Equipment and Support will see a decrease due to a decrease in transaction fees paid for ACTIVE Net software.

The Arena Building Repair and Maintenance Budget will see an increase due to replacement of the main arena doors and to create office space for the proposed Parks Supervisor position.

The Gardener position wages have been reallocated to other Leisure Services codes; however, the Gardener position is not being eliminated.

The flower basket contract has been removed from the 2020 budget. This project has become cost prohibitive.

A Parks Supervisor position was proposed in response to the increase in facilities, parks, and yearly projects. Park spaces have increased in quantity, quality, and safety standards.

There will be a decrease in the Program Wages Youth/Preschool Budget due to the conclusion of a partnership project with Suwilaawks Community School, as they are not continuing with this program in 2020.

Pool operation wages will see an increase of \$12,000 which reflects the increased maintenance requirements performed on a weekly basis.

The 2019 Pool Equipment and Building Maintenance Budgets were based on the equipment being under warranty. As the equipment is no longer on the same warranty program, the proposed increases reflect realistic costs.

The Public Works Administrative Salaries Budget will see an increase due to standard wage increases as well as the Public Works Department's portion of the proposed part-time Bylaw/Administrative Clerk position. The increase also included adjustments to accommodate the new Engineering Manager position and increased project management costs at the Skeena Industrial Development Park (SIDP).

There was an increase to the RCMP Building Cleaning Budget due to a new custodial contactor.

The increase to the RCMP Building Maintenance Budget included the replacement of a roof top air handler, increase in computer servers for the camera system, and a generator transfer switch replacement.

The increase to the Public Works Building Maintenance Budget included building modifications to accommodate increased staffing, adjustments for additional filing space, and creation and replacement of various workstations.

There was a decrease in the Terrace Public Library Building Maintenance Budget from 2019 to 2020 due to the automatic doors being replaced in 2019.

There was a \$15,000 increase to the Roads and Drainage Pavement Patching Budget in order to complete work on some additional areas in the community in 2020.

The Winter Road Maintenance Budget for 2020 was increased to account for the increased operating costs on three pieces of equipment.

There was an increase to the Street Light Maintenance Budget in order to accelerate the replacement of the old street lights with LED lights and to replace a few davits that are in poor condition.

In 2020 the Electrician Wages Budget doubled due to having two electricians on staff to accommodate succession planning. This amount will be reduced in future years.

The provisional budget includes an increase to the roads and drainage Road Marking Budget was to reflect the actual cost of road marking.

There was an increase to the Solid Waste Organics Collection and Residential Recycling Collection budgets due to the increased amount of time it takes for collect. Rates will be increased in order to cover the replacement cost of the collection trucks.

Solid waste contamination rates have vastly improved since 2018.

The RCMP Contract Budget will see an increase of \$195,000 to accommodate for an additional regular RCMP member, as well as suggested budgeting for BC RCMP salary increases.

The increases to the RCMP office and guards salaries accounted for 2 years' worth of negotiated wage increases, as this was missed last year.

General Fund Capital Plan, 2020 - 2024

There were 14 projects being carried over to 2020 for completion.

The City Hall to Leisure Services Fibre Link Project was halted due to contractor issues. The \$10,000 in the budget was to finish paving driveways along the route.

Leisure Services 2020 Capital Projects included:

- Replacement of mechanical equipment at the Sportsplex and upgrading of the software that runs the mechanical equipment;
- Upgrading playground equipment at both the Elks and Rotary Parks;
- Purchasing an additional tractor to maintain City owned spaces; and
- Adding lifted gravel to the camping grounds portion of Ferry Island.

A discussion took place regarding the possibility of online booking the Leisure Services facilities. It was noted that this could be challenging due to varying needs of user groups.

Public Works 2020 Capital Projects included:

- City Hall boiler replacement. This will be paid for using NCPG funds;
- Road reconstruction of Munroe Street (Straume Avenue to McConnell Avenue). This road reconstruction will accommodate cycling lanes;
- Reconstruction of Mountain Vista Drive (Floyd Street to Campbell Street);
- Reconstruction of Floyd Street. Two-thirds of this project is the responsibility of the developers;
- Upgrades to the RCMP male change room and expansion of the RCMP female change room;
- Replacement of the City Hall rear entrance wall to include a proper doorway and step;
- Sign trailer; and
- Roads trailer.

Development Services 2020 Capital Projects included:

- Downtown boulevard enhancement of the 4600 block of Lazelle Avenue. This will be paid for using NCPG funds; and
- Extension of the Grant Truck Pathway from Frank Street to the Kitsumkalum Bridge. This project is on hold until the City receives further information regarding the Rural Dividend Grant.

Fire Department 2020 Capital Projects included:

- Replacement of the final thermal imaging camera;
- Purchase of a new highway rescue truck, in which LNG Canada contributed \$500,000. The highway rescue truck was purchased in response to the anticipated increase of issues along Highway 37;

- Upgrading the hydraulic extraction equipment. This will be paid for using NCPG funds; and
- Hose replacements.

Leisure Services 2020 Capital/Operational Projects included:

- Annual celebration events. These events are funded by the City as well as various grants;
- Howe Creek Trail bridge replacement. The City has received full funding from the Municipal Insurance Association to do this again in 2020;
- Addition of a picnic table and kiosk at the Kitsumgallum Cemetery;
- Review and design of the arena plant. The chiller will come to the end of its lifecycle in 2021 and engineered plans will be required in order to replace it;
- Bear-proofing outdated garbage receptacles;
- Landscaping at the Visitor Information Centre; and
- Demolition of the concession/washroom facility at Riverside Park.

Public Works 2020 Capital/Operational Projects included:

- Memorial site works for the Chris Arnold structure west of the Kwinitza Railway Foreman's Residence. The Greater Terrace Beautification Society will be providing the structure and the City will be responsible for the concrete pad with anchoring, extension of the exiting sidewalk, and paver stones;
- Pavement overlays;
- Lanfear Hill Study and Concept Design. Funds from the NCPG will be used for this project. The City currently has a grant application submitted to the Provincial and Federal Governments to cover 90% of the project cost; and

- Frank Street crossing anti-whistling study.

A short recess was called.

The RDKS representatives left the meeting.

The meeting reconvened.

Development Services 2020
Capital/Operational Projects included:

- Terrace Downtown Improvement Area building façade program;
- Software replacement for the digital mapping system;
- Bowling alley remediation to remove the in-ground oil tank and restore the area;
- Updated Housing Needs Assessment;
- Updated population study; and
- Creation of a new Development Cost Charge Bylaw. NCPG funds will be used for this project.

The Fire Department has applied for another year of UBCM grant funding for the FireSmart and Fire Prevention Preparedness Program.

The Occupational Health & Safety (OH&S) Program will need to be updated in 2020. This will require hiring a contractor to undertake the work.

The current version of Microsoft Office being used throughout the organization is coming to the end of its lifecycle in 2020. It will be replaced by Microsoft Office 2019.

The Economic Development Department will be submitting a grant application to Northern Development Initiative Trust for a Grant Writer.

Capital Projects for 2021 included:

- Replacement of the arena refrigeration plant. NCPG funds will be used for this project;
- Replacement of two score clocks in the main arena;
- Downtown boulevard enhancement of the 4700 block of Lazelle Avenue;
- Reconstruction of Weber Avenue;
- Reconstruction of the 4600 block of Scott Avenue. NCPG funds will be used for this project; and
- Server hardware.

Capital/Operational Projects for 2021 included:

- Annual celebrations;
- Annual Howe Creek Trail Bridge replacement;
- Updating the Environmentally Sensitive Areas Study;
- Pavement overlays;
- Ongoing landfill closure work; and
- Kalum Street land reconfiguration from Park Avenue to Greig Avenue. This will include signal upgrades and crossing enhancements for pedestrians.

Capital Projects for 2022 included:

- Review of the Howe Creek Bridge by Lanfear Hill;
- Downtown boulevard enhancement of the 4700 block of Lazelle;
- Replacement of a portion of the heating/cooling equipment in the Emergency Management BC space of City Hall;
- Installation of an HVAC system in the RCMP cells;
- Reconstruction of the 5300 block of Mountain Vista Drive; and
- Reconstruction of the 4900 block of Straume Avenue.

The Lanfear Hill Study and Concept Design was noted as a Capital/Operational Project for 2022.

2023 Capital Projects included:

- City Hall entrance upgrades;
- Reconstruction of Labelle Avenue;
- Reconstruction of Graham Avenue (Eby Street to Kenney Street). \$1,200,000 of the NCPG will be used for this project. This project will allow the City to upgrade the sewer main capacity;
- Hiring a consultant to review expansion of the cemetery.

2024 Capital Projects included:

- Reconstruction of the 4900 block of Park Avenue;
- Reconstruction of the 4800 block of Olson Avenue; and
- Reconstruction of Lakelse Avenue (Emerson Street to Kalum Street).

Sewer Fund 5 year Plan

There as an estimated operating surplus of \$592,827. Of this total, \$437,000 was prior year retaining surplus, and \$155,000 was from 2019 surplus. Of the \$155,000, \$45,000 was from operations and \$110,000 was from capital. Of the \$110,000 in capital, \$20,000 was being carried forward for projects to be completed in 2020.

A 7.4% increase has been applied to the sewer user fees. These fees have not been increased in the past 15 years. Without an increase to the sewer user fees, the Sewer Fund will not be sustainable.

Years 2021 - 2024 include a 3% increase to sewer user fees year over year.

The Asset Management Reserve Fund has not yet been created for sewer and water so there are no funds being allocated there at this time.

Sewer Fund Budget Comparison

The sewer user rates revenue will increase by 7.4%.

There were no grants relating to sewer projects for 2020.

There was an increase to sewer maintenance due to a new sewer main instruct. The IVC on the unit had to be increased to guarantee its replacement.

Sewer Fund Capital Plan, 2020 - 2024

Projects in the Sewer Fund Capital Plan included:

- The Wastewater Scada Integration Project which was carried over from 2019. This project will address the expansion of the electronic monitoring system within the water system;
- Collection main upgrades. Staff will be focused on conducting point repairs on issues identified within the sewer mains;
- Miscellaneous sewer equipment. This will be associated with the upgrade/replacement of the inspection camera and inspection equipment for entry into confined spaces;
- Video Inspection Program. This program will allow for documented video inspection of any roads that are being considered for upgrade. In 2019 the downtown was focused on, and in 2020 staff are hoping to focus on areas identified as, or are projected to be, "under capacity"; and
- Sewage Treatment Plant fencing. The wastewater treatment facility is not fully fenced. It could be a hazard to not have controlled access to this facility.

In 2021 and 2022 sewer mains will be relined and additional fencing will take place at the Sewage Treatment Plant.

In 2023 a major sewer upgrade project will take place on Graham Avenue. If a grant opportunity is present, staff will submit an application.

Water Fund 5 Year Plan

There is an estimated operating surplus of \$457,915. Of this amount, \$432,000 was prior year retained surplus and \$26,000 is from the current year. Water operations were over budget by \$27,000 and water capital had a surplus of \$53,000, all of which will be carried forward to fund projects to be completed in 2020. The City will use \$130,000 of the surplus to fund capital in 2020. \$327,000 will be retained as accumulated operating surplus.

Similar to the sewer fund, a 7.4% increase has been applied to the water user fees. These fees have not been increased in the past 15 years.

Years 2021 - 2024 include a 4% increase to water user fees year over year.

In 2020 the City will be using \$250,000 of the NCPG to offset capital costs. The City is relying on operating surplus to fund water Capital Projects in the 5 year plan. Without an increase in water user fees the City would not be able to fund projects in the 5 year plan.

Water Fund Budget Comparison

The water user rates revenue will increase by 7.4%.

The sewer infrastructure grants include the allocation of \$250,000 from the NCPG for the Wilson Cascade Project and \$90,000 expected for the Floyd Street Water Extension Project in 2020.

In 2019 the City was retroactively billed one year for groundwater license fees. Moving forward, this total should decrease to \$14,000 annually, depending on use.

The Water Distribution Operations and Maintenance Budget were increased to reflect actual costs.

Water Fund Capital Plan

Projects in the 2020 Water Fund Capital Plan included:

1. Aquifer Detection Program which will be carried over from last year;
2. Park Avenue Booster-controls upgrade which will be carried over from last year. Approximately 50% of this project was completed in 2019. The controls operating room will be relocated to a different area;
3. Replacement of the water main and all services on Munroe Street (Straume Avenue to McConnell Avenue);
4. Replacement of services on the 5200 block of Mountain Vista Drive;
5. Floyd Street water extension, which is associated with the Floyd Street reconstruction. A large portion of this is developer responsibility;
6. Wilson Cascade Project. This project will link the two major reservoirs within the City. NCPG funds will be used for this project; and
7. Park Avenue Booster building upgrades. This will be done in conjunction with the Park Avenue booster-controls upgrade project.

Year 2021 included water main replacements associated with road reconstructions and elimination of the Wilson Avenue valve chamber confined space.

Years 2022, 2023, and 2024 included various water main replacements associated with road reconstruction projects.

Reserve Summary

In 2019 the NCPG was received from the Province in the amount of \$8,197,000. The City allocated \$240,000 to the Downtown Boulevard Enhancement Project in 2019, and committed \$1,500,000 to the Lanfear Hill Reconstruction Project.

In 2020, \$486,000 will be allocated to the general fund capital works project and \$250,000 to the water fund.

In 2021, \$400,000 will be committed to the Arena Refrigeration Plant Project and \$650,000 to the reconstruction of the 4600 block of Scott Avenue.

In 2023, \$1,200,000 will be committed to the Graham Avenue Reconstruction Project.

In 2024, \$500,000 will be committed to the Lakelse Avenue Reconstruction Project.

The end balance of this reserve in 2024 will be \$2,970,634. Interest will be allocated annually to the reserve, bringing its total to approximately \$3,000,000.

The Gas Tax - Community Works Fund was at \$562,000. The City committed \$450,000 to the Grand Trunk Pathway Extension Project.

The Land Acquisition Reserve saw \$750,000 deposited from the Terrace Community Forest from profit distribution. The City allocated \$605,000 on land purchase.

The City allocated \$100,000 of the Affordable Housing Reserve to Terrace & District Community Services Society (TDCSS) for their Cedars Project.

The Finance Department will undergo a review of all fee structures in 2020.

The CAO reminded everyone of the public consultation opportunity on Thursday, January 16, 2020 at 7:00 p.m. in the Sportsplex Banquet Room where the public will have the opportunity to address Council regarding the Operational Budget.

It was recommended that the 2020-2024 Capital Budget be approved.

The December 17, 2019 Finance, Personnel & Administration Component of the Committee of the Whole meeting adjourned at 7:35 p.m.

CERTIFIED CORRECT

Chair

Clerk